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T H E S H E E P A N D L A M B S I T U A T I O N

Summary

There has been little change in the outlook for sheep and lambs during the past month, the Bureau of Agricultural Economics reports. Prices of lambs are expected to continue near present levels during the next few months. Although marketings of lambs will be seasonally larger this fall than in the past summer, the effect on prices of the increased marketings will be largely offset by the prospective strong demand for feeder lambs in the Corn Belt. Prices of feeder lambs probably will continue high relative to prices for slaughter lambs during the fall months.

Marketings of sheep and lambs from the 13 Western States during the period August through December this year are expected to be about 2 percent smaller than a year earlier. Most of the decrease probably will be in the number of ewes marketed, with the number of lambs marketed being little different this fall from that of the fall of 1936.

With much larger feed crops this year than last, the number of lambs fed in the Corn Belt this fall and winter is likely to be larger than the small number fed in that area in 1936-37. The number of lambs fed in the Western States may be little different from that of a year earlier.

Prices of slaughter lambs were steady to slightly lower during August and early September, but an advance in prices occurred during the week ended September 18. Inspected slaughter of sheep and lambs in August was seasonally larger than in July and it also was larger than in August a year earlier.

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REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Prices of Good and Choice spring lambs at middle western markets at the beginning of the season in early April ranged from \$12 to \$12.75, or from \$1.50 to \$2 higher than a year earlier. After continuing near this level from late April to early June, prices of spring lambs declined seasonally during the last half of June and the first half of July. The average price of Good and Choice lambs at Chicago for July was \$10.84 compared with \$9.94 in July last year. This was the highest average for the month since 1929.

Lamb prices steady to slightly lower in August

The average price of Good and Choice lambs per 100 pounds at Chicago for August was \$10.78, slightly lower than for July but \$1.25 higher than for August 1936. After declining in the week ended September 11, prices advanced during the following week, and about mid-September the average price of Good and Choice lambs was slightly higher than for the month of August. Prices of feeder lambs in August and early September were high relative to prices for slaughter kinds. At Omaha and Denver, prices of feeder lambs in August were from \$1.50 to \$2 higher than a year earlier, with the spread between prices of feeder and slaughter lambs about half that of the same period in 1936. Prices of slaughter ewes declined during August and in early September. Although an unusually large portion of western lambs were contracted by mid-August, there were some further contracting of lambs in Utah and Wyoming in late August at firm to slightly higher prices.

Supplies show seasonal increase

Slaughter of sheep and lambs under Federal inspection in August, totaling 1,500,000 head, was 8 percent larger than in July and 7 percent larger than in August 1936. Receipts of native lambs increased at Corn Belt markets during August and in early September, but range lambs, mostly from Washington, Idaho, and Colorado comprised the bulk of the supply. Western lambs received at markets in August were in good flesh, and average weights and dressing yields were reported to be greater than those of last year.

Condition of western sheep and lambs good

Range sheep and lambs generally were in very good condition in early September. Summer sheep ranges have been very good. Hay and feed crops are reported good west of the Main Range, and winter ranges in this area have a good supply of feed. Some lower ranges in Washington, Idaho, Utah, Nevada, and Arizona, however, are reported drying. In California pastures are good in the southern half of the State, but conditions in central and northwestern areas are below normal. Hay supplies in that State would be inadequate for another severe winter. Intermountain ranges generally are in

sufficiently good condition to insure feed until lambs are marketed. The mountain and foothill sections east of the Main Range have very good feed. In sections of the Great Plains area of Montana, North Dakota, South Dakota, and Nebraska feed conditions are poor, however, Texas sheep ranges have good dry feed, except the south side of sheep section, where range feed is short.

OUTLOOK

BACKGROUND .- The following conclusions were given in the August issue of The Sheep and Lamb Situation with respect to the outlook for supplies and prices of lambs:

(1) Prices of slaughter lambs are not expected to change much from August through November.

(2) Supplies of lambs will increase seasonally in this period, but total slaughter supplies in the fall months may be smaller or at least no larger than the total for a year earlier.

(3) Prices of feeder lambs this fall will probably be high in relation to prices of slaughter lambs.

(4) Although some increase in lamb feeding now appears likely, total supplies of sheep and lambs in the coming fed-lamb marketing season (December - April, 1937-38) may be no larger than a year earlier. Marketings of sheep and lambs from sources other than feed lots may be smaller next winter and spring than last.

(5) Lamb prices in the coming fed-lamb marketing season (December to April 1937-38) probably will average about as high as those of last year, if consumer demand for meats and prices of wool are maintained near present levels.

Little change in outlook

The outlook has changed little since the August issue of this publication was released. Prices of lambs are expected to continue near present levels during the next few months. The effect of the probable seasonal increase in total marketings on prices of sheep and lambs this fall is likely to be about offset by the strong demand for feeder lambs in prospect. Although total marketings of sheep and lambs during the remainder of the grass lamb marketing season (up to December) may be as large as or larger than in corresponding period of 1936, the larger feed crops this year will result in an increased number of lambs going to feed lots this fall and winter. Consequently, the slaughter supply of sheep and lambs this fall probably will be no larger and may be smaller than a year earlier.

Expect fall marketings of western lambs about same as in 1936

Marketings of sheep and lambs from the 13 Western States, August to December this year, are expected to be about 2 percent smaller than for the comparable period in 1936. Most of the decrease is expected to be in the number of ewes marketed, with the number of lambs little different this year from last. Shipments of western lambs up to August 1 were only a little smaller than those for the corresponding period in 1936. The much larger marketings of early lambs from Texas this year about offset the smaller marketings of early lambs from California and the decreased shipments from Montana and South Dakota where drought forced a heavy movement before August 1 last year. These estimates are based upon indicated shipments going outside the State where the lambs were raised.

As a result of generally favorable range conditions in nearly all of the western sheep areas from which the supply of western lambs marketed after August 1 will come this year, the condition of the lambs is expected to average somewhat better this year than last, with a smaller proportion of light weight feeder lambs. Contracting of feeder lambs for fall delivery has been on a relatively large scale this year, and the number under contract by August 1 was the largest in several years. The number of lambs to be fed in these States next winter is expected to be little different from the number fed a year earlier, but the number fed in the States where raised will probably be somewhat smaller.

Increased lamb feeding expected in the Corn Belt

With much larger feed crops this year than last in the Corn Belt, it seems probable that the number of lambs fed in that region in coming fall and winter will be larger than a year earlier. On January 1, 1937, the number of lambs on feed in the Corn Belt States was smaller than for several years because of the very short feed supplies occasioned by the 1936 drought. Since the number of lambs fed in the Western States in 1937-38 may be little different from that of year earlier, the total number of lambs fed next fall and winter probably will be larger than a year earlier. But as indicated in the August report, the supply of sheep and lambs marketed from sources other than feed lots may be smaller in the 1937-38 fed lamb marketing season (December - April) than a year earlier. Total slaughter supplies of sheep and lambs in the 1937-38 fed-lamb season, therefore, may be little different from those of the 1936-37 season.

THE WOOL PRICE SITUATION 1/

The domestic wool situation has not changed materially in the past month. Trading in the domestic market was light in August but prices remained firm. The domestic price outlook for the next few months is somewhat uncertain because of the recent weakness in foreign markets. But with supplies in the United States and foreign countries below average, little change is expected in domestic prices in the remainder of 1937.

The outlook for the new selling season in the Southern Hemisphere is uncertain at the present time because of the possibility that Japan may not be as active in the wool market as had been expected. The season opened at Sydney, Australia on August 30. Prices at the opening were slightly higher than at the close of the previous season in June and were 20 to 25 percent above the opening prices of the 1936-37 season, but prices declined as the sales progressed.

Consumption of apparel wool by United States mills declined further in July and it was 17 percent smaller than that of July last year. Total mill consumption on a scoured basis for the first 7 months of this year, however, was 11 percent larger than in the same period of 1936. Although a seasonal increase in consumption is expected in the next few months, mill consumption in the remainder of 1937 is not likely to be so large as in the same months of 1936.

World supplies of wool in 1937-38 are likely to be about the same as last season when they were below average. There has been some tendency for mill consumption of wool in several foreign countries to decline in recent months, but in most countries it is still relatively high.

1/ From the Demand and Price Situation, a monthly report of the Bureau of Agricultural Economics.

Supplies of sheep and lambs, year 1936 and August 1937, with comparisons

Item	Unit	Year			Month			
		Average	1935	1936	Aug. average	Aug.	July	Aug.
		1924-33			1924-33	1936	1937	1937
Inspected slaughter <u>1</u> /	thou-							
Sheep and lambs	sands	14,737	17,644	17,216	1,297	1,395	1,390	1,498
Receipts at seven								
markets <u>2</u> /.....	"	<u>3</u> /15,241	12,312	11,092	<u>3</u> /1,305	1,030	692	1,158
		Year			Month			
		Average	1935	1936	July average	July	June	July
		1924-33			1924-33	1936	1937	1937
Inspected slaughter:								
Lambs and yearlings-	thou-							
Number	sands	13,678	16,400	15,647	1,146	1,229	1,322	1,308
Percentage of total								
sheep and lambs...	percent	92.8	93.0	90.9	93.9	90.9	92.7	94.0
Sheep -	thou-							
Number	sands	1,059	1,244	1,569	74	123	104	83
Percentage of total								
sheep and lambs...	percent	7.2	7.0	9.1	6.1	9.1	7.3	6.0
Average live weight....	pound	81	84	85	76	79	78	80
Average dressed weight :	"	39	40	40	37	37	38	38
Total dressed weight....	mil.lb.	569	701	680	45	50	54	53

1/ Bureau of Animal Industry.2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City, and St. Paul.3/ Average 1929-33.

Price per 100 pounds of sheep and lambs, by months, June - August,
1935-37

Classification	1935			1936			1937		
	June	July	Aug.	June	July	Aug.	June	July	Aug.
	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.
Lambs, Chicago <u>1/</u> :									
Good and Choice	8.56	7.96	8.68	11.44	9.94	9.53	11.94	10.84	10.78
Common and Medium	---	6.41	7.24	9.32	7.72	7.20	10.42	9.15	9.06
Ewes, Chicago:									
Good and Choice	2.82	2.92	3.20	3.45	3.83	3.50	3.78	4.22	4.70
Common and Medium	1.86	2.05	2.35	2.28	2.47	2.25	2.30	2.86	3.32
Feeding lambs, Omaha:									
Good and Choice	---	6.63	7.85	8.60	7.76	7.61	8.53	8.80	9.50
Average price paid by packers:									
Sheep and lambs	7.46	7.52	7.65	9.66	8.69	8.29	9.95	9.60	
Average price received by farmers:									
Sheep	3.64	3.50	3.56	4.03	4.00	3.69	4.52	4.53	4.52
Lambs	6.52	6.26	6.47	8.33	7.94	7.59	8.88	8.50	8.64
Lamb, New York:									
Wholesale carcass <u>2/</u> :									
Choice	17.55	16.28	17.30	23.15	21.28	20.19	21.40	21.13	20.86
Good	16.85	15.29	16.30	21.80	20.11	18.79	20.20	20.09	19.15
Medium	15.80	14.03	15.24	19.65	17.99	16.81	18.48	18.42	16.90
Retail, composite price -:									
Good	24.54	23.61	23.68	28.54	28.20	27.19	27.72	27.76	28.15
Pulled wool, Boston <u>3/</u> :									
Choice AA	78.6	80.5	80.5	93.1	92.8	92.0	107.5	106.9	106.5
Choice White B	67.0	70.0	70.1	78.1	77.6	76.2	91.2	89.6	88.5
Sheep pelts, packers shearlings, No. 1, each <u>4/</u>	0.57	0.56	0.56	1.12	1.14	1.10	1.39	1.24	1.25

1/ Spring lambs, June 1935-37.

2/ 38 pounds down.

3/ Cents per pound.

4/ Bureau of Labor Statistics.

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